

Pharmaceutical Firms to Repay \$420,000 to Nebraska in Medicaid Rebate Settlement

Attorney General Jon Bruning announces today that Nebraska, along with other states and the federal government, has reached an agreement with four pharmaceutical companies that will pay a total of \$124 million to resolve claims that they violated the False Claims Act by failing to pay appropriate rebates for drugs that were paid for by Medicaid.

Nebraska's share is \$420,000, of which \$118,000 will go to reimburse Nebraska's Medicaid program; the state school fund will get about \$37,000; and about \$20,000 will be used to reimburse the Attorney General's office for investigative costs and will be used to fund future investigations.. The remainder will go to repay the federal government.

"All Nebraskans pay a price when Medicaid is abused," Bruning said. "By holding these companies accountable, we are helping keep costs down for everyone."

Mylan Pharmaceuticals, Inc.; UDL Laboratories, Inc.; AstraZeneca Pharmaceuticals LP; and Ortho McNeil Pharmaceutical, Inc., are participants in the Medicaid Rebate Program, in which the companies agreed to pay quarterly rebates to Medicaid based on what Medicaid paid for each company's drugs.

The rebate amount is determined in part by whether a drug is an "innovator" drug or a "non-innovator" drug. The rebate on innovator drugs is higher than the rebate for non-innovator drugs. An innovator drug is, in general, a name-brand drug.

Each of the companies agreed to pay a settlement to resolve allegations that it had sold innovator drugs that were manufactured by other companies and had classified those drugs as non-innovator drugs for Medicaid rebate purposes. As a result of the improper classification of these drugs, the companies underpaid their rebate obligations to Medicaid.

Mylan Pharmaceuticals and UDL Laboratories agreed to pay \$118 million to the federal and state governments to resolve allegations that they underpaid their rebate obligations with respect to several MPI drugs (nifedipine extended release tablets, flecainide acetate, selegiline HCL, Orphenadrine Citrate Aspirin and Caffeine tablets, Triamterene/Hydrochlorothiazide, Propoxyphene HCL, Propoxyphene HCL/Aspirin/Caffeine, Propoxyphene Napsylate/Acetaminophen, Ibuprofen tablets, Bumetanide, Cepalexin, and Cefactor) and several UDL drugs (nifedipine extended release tablets, selegiline HCL, Triamterene & HCTZ, Propox Naps & APAP, Flecainide Acetate, Trihexyphenidyl, Ranitidine HCL syrup, Sucralfate Suspension, Selegiline HCL, and Bumetanide).

AstraZeneca agreed to pay \$2.6 million to resolve allegations that it underpaid its rebate obligations with respect to Albuterol. Ortho McNeil agreed to pay \$3.4 million to resolve allegations that it underpaid its rebate obligations with respect to Dermatop.

A National Association of Medicaid Fraud Control Units team participated in the settlement negotiations with all four pharmaceutical companies on behalf of the settling states. MFCU Director Mark Collins handled the settlement for the State of Nebraska.